



20 December 2010

***Transmitted by email to: ra.reps@aph.gov.au***

The Committee Secretary  
House Standing Committee on Regional Australia  
PO Box 6021  
CANBERRA ACT 2601

Dear Sir/Madam

***Inquiry into the impact of the Murray-Darling Basin Plan in Regional Australia***

AlburyCity welcomes the opportunity to lodge a submission to the House Standing Committee on Regional Australia in response to the Murray-Darling Basin Authority's (MDBA) *Guide to the Proposed Basin Plan*.

We acknowledge the effort of the MDBA in visiting our City and discussing the *Guide to the Proposed Basin Plan* (subsequently referred to as the *Proposed Basin Plan*) with community members; we also acknowledge the monumental effort required to prepare such an important document. Having said this, we strongly believe that greater consideration must be given to the negative economic and social impacts that the *Proposed Basin Plan* will undeniably inflict on our region.

In preparing this response, due consideration has been given to the *Terms of Reference* released by the House of Representatives:

***1. The direct and indirect impact of the Proposed Basin Plan on regional communities, including agricultural industries, local business activity and community wellbeing***

***Economic Impacts of Reduced Water Allocations***

Albury is the major retail, commercial and administrative centre for both north-east Victoria and southern New South Wales. Albury's economy is primarily supported by the manufacturing, property and business retail sectors. The strength of the City's economy is also underpinned on the prosperity of outlying agricultural communities, who rely on Albury for, amongst other things, agricultural supplies, professional business services and retail

needs.

Years of devastating drought have tested the resilience of agricultural towns and villages surrounding Albury. These communities are only just beginning to show signs of recovery, both financial and psychological, from one of the worst droughts in Australian history. While it is difficult to quantify, it cannot be denied that Albury businesses also suffered significant financial difficulty as a result of the drought.

Understandably, Albury businesses primarily reliant on the sale of agricultural goods and services were most affected by reduced sales, but many other industries, such as retail and professional services, were also affected by the decreased spending of surrounding communities.

For the past two years AlburyCity has conducted a business perceptions survey, receiving over 1,100 responses from Albury and Wodonga businesses. As part of the survey, local businesses were asked to identify the type of impact that the drought had had on their business; 46.5% of respondents indicated that the drought had had a negative impact on their business in 2009 while 38.1% indicated that it had had a negative impact on their business in 2010. Survey results showed that the drought's effect was nearly as profound as that of the Global Financial Crisis.

One of the greatest fears held by the community is that the Sustainable Diversion Limits (SDLs) included in the *Proposed Basin Plan* will have a similar negative economic and psychological impact as the recent drought. The financial sustainability of many regional businesses has been severely undermined by the drought; it would be unreasonable to expect these businesses to withstand the additional hardship inflicted from the introduction of SDLs.

Information sourced from Riverina and Murray Regional Organisation of Councils (RAMROC), of which Albury is a member of, suggests that:

- For every 10% reduction in available water for the RAMROC region:
  - The value of agricultural production declines by \$220 million
  - Direct employment declines by 4,700
  - Total regional unemployment rises by 12%

### *Penalising Proactive Communities*

AlburyCity prides itself on being proactive and working hard to reduce community water consumption. Despite strong economic and population growth Albury has reduced its total water consumption by 39% over the last decade, primarily through water saving initiatives and

community education programs. These water savings were achieved despite annual average population growth of 1.2%, which is a credit to the City's willingness to be responsible water users without the need for government intervention.

Another important point to consider is that the manufacturing and mining industry use less than 1% of water diversions and domestic water accounts for less than 2% of diversions. Given the low impact of these activities on overall water flows, it would be prudent to exclude them from the proposed SDLs.

Albury's business community should be congratulated on their willingness to explore opportunities to reduce their water consumption; we believe some of the water saving initiatives introduced by local businesses are the best in regional Australia. These businesses should be applauded for their efforts, not penalised by Government in the form of reduced water allocations. In addition to those businesses already doing their part, AlburyCity is committed to working with industry to adopt innovative and efficient water use systems without jeopardising the future growth and development of the economy.

Approaching the problem of recovering water for the environment is not as simple as applying a standard percentage reduction in water allocations across the entire Murray Darling Basin. This method is neither equitable nor practical when you consider the individual characteristics and requirements of each community. In fact, during the irrigation season when large volumes of water are being discharged from Lake Hume, Albury's current annual water usage flows past the City in eight hours, highlighting how small the City's impact is on the Murray Darling Basin.

**2. Options for water-saving measures or water return on a region-by-region basis with consideration given to analysis of actual usage versus licence entitlement over the preceding fifteen years**

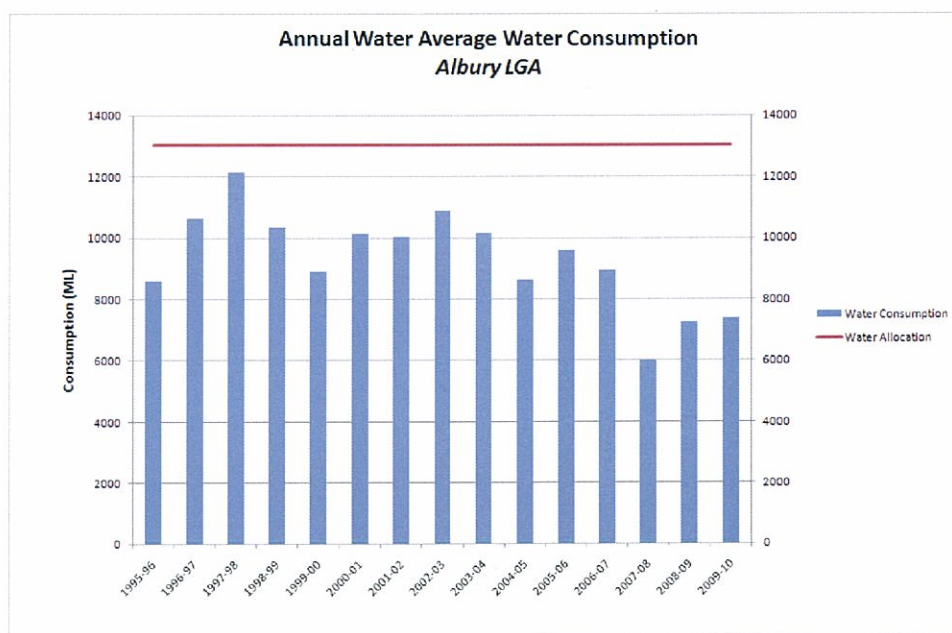
AlburyCity has four licences totalling 13,025 Megalitres (ML). The four licences are:

- MU/50AL500000\* – Treated water, local water utility (12,274ML)
- MU/50AL500028 – Treated water, high security (71ML)
- MU/50AL500003 – Treated water, regulated river high security (industrial purposes) (580ML)
- MU/50AL502077 – Raw water, regulated river high security (industrial purposes) (100ML)

*\*This licence also includes water for the Greater Hume Shire villages of Jindera, Burrumbuttock, Brocklesby, Gerogery and Gerogery West.*

Albury is highly proactive in identifying and implementing initiatives to reduce the City’s water consumption. As demonstrated by Table 1, water consumption in Albury dropped from a high of 12,153.2 ML in 1997-98 to 7,370.4 ML in 2009-10, a reduction of 39%. During this same period, Albury’s population grew by approximately 18%.

**Table 1: Albury’s Annual Average Water Consumption**



Alb  
City

ury  
has

worked extremely hard over the past 15 years to achieve reductions in water consumption, and will continue to investigate water-saving opportunities into the future. A snapshot of the

Councils water saving programs is provided on the following page:

**Water audits:** Free water audits are available to non-residential customers. The audit culminates in a comprehensive report provided to the customer which details areas where savings could be made by the replacement of existing infrastructure (both new technology and replacement of faulty/worn fittings) or by changes in work practices. The four major reviews to date have resulted in water savings of between 14% and 48% for each business.

**Community education/awareness programs:** A number of 'Fact Sheets' have been developed to provide the community with tips on using water more wisely. They include:

- *"Being water wise outdoors"*
- *"Being water wise indoors"*
- *"Reading your meter"*
- *"How to detect a leak"*
- *"Understanding your water and sewerage account"*

Council also has a dedicated section on their website with frequently asked questions about saving water. An annual water conservation campaign is also conducted in September/October each year and during periods of unseasonal hot weather. Council will continue to utilise the media to promote water conservation practices.

**Introduction of best-practice pricing:** Best-practice pricing was fully implemented to residential customers in 2004/2005. Non-residential customers were phased in over a 5-year period commencing in 2004/2005.

**Effective water metering:** All customers connected to the water reticulation system are metered. All meters have an accuracy range of 100%  $\pm$  2%, with the meters being read three times per year. This approach to water metering allows Council to monitor large variations in water consumption.

Bulk water meters are installed at the Albury Water Filtration Plant, throughout the reticulation system and at the AlburyCity/Greater Hume Shire boundaries. These meters are read on a monthly basis and calibrated annually.

**Urban groundwater salinity management program:** This program has been running continuously since 2002 and involves monitoring 48 wells, bores and piezometers in the former Albury local government area.

**Drought contingency and emergency response plan:** This plan was developed in 2002, updated in 2006 and programmed for review in early 2011. The plan details 'trigger' points for

the implementation of water restrictions.

**Un-accounted for water (UFW) investigation:** Council assesses UFW as part of its annual performance return to the Government. UFW has ranged from 1.2% to 13.6% with an annual average of 7.6%, although in 2000/2001 it was 19.2% due to a leaking reservoir. In 2009/2010 the UFW was 4.5%. Anecdotal evidence indicates that Local Water Utilities have minimum UFW of 7% or 8% and that these levels are difficult to improve on (source: Albury's Integrated Water Cycle Management Plan – April 2008).

**Water reservoir drop-testing:** AlburyCity undertook reservoir drop testing during the summer of 2005/2006 and found that the average night flow rate was 3.6 litres/hour/connection. This compared very favourable with the NSW State average of 12 litres/hour/connection. The investigation further found no conclusive evidence into in-efficiencies of the reservoir system. Part of this program also included a leak detection program.

**Introduction of BASIX:** BASIX (Building Sustainability Index) is a NSW Government initiative that ensures that new homes are designed and built to use less water and energy. Every development application must now include a BASIX certificate. BASIX allows developers to select from a range of options to meet water and energy reductions; new homes in Albury aim to reduce water use by 40%.

Achieving this goal may involve installing various water saving devices (AAA+ shower heads, dual flush toilets, tap fittings and energy efficient dish washers/ washing machines) and considering the layout and landscaping of new properties (small lawn areas and use low-water use plants and the installation of rainwater tanks for gardens, lawn watering and toilet flushing).

**Integrated Water Cycle Management (IWCM) Plan:** The IWCM was undertaken between late 2006 and April 2008 and is one of the six best-practice criteria that Local Water Utilities across the State must comply with. The IWCM Plan has been prepared to ensure that water resource management in the Albury local government area is sustainable, that appropriate strategies are in place to ensure sustainable and affordable urban water services (i.e. water supply and wastewater) so that that the water needs of all customers and the environment are satisfied. The IWCM identified a number of strategies relating to water including:

- Augment the Table Top water supply system (this is a five year program with three stages already completed);
- Augment the Hume Weir Village potable water supply system (completed in 2009/10);
- Implement national mandatory water efficiency labelling (implemented);
- Implement BASIX for new residential developments (implemented);
- Fully implement best-practice pricing principles (completed 2008/2009);

- Undertake a leak detection program ( completed 2006/2007);
- Supply of reclaimed water to the Hume Country Estate and Glenmorus Gardens (completed 2008/2009 and 2009/2010 respectively although the internal plumbing at Glenmorus Gardens is not due for construction until early to mid-2011);
- Continue with education/awareness programs;
- Review the Drought Contingency and Emergency response Plan (programmed for the first half of 2011);
- Review the maintenance programs and budgets (programs and budgets are reviewed annually and the maintenance program will be further assisted by the introduction of an asset maintenance program currently being installed);
- Review/revise the pricing model to provide correct and realistic future projects for asset values and average residential bills (performed annually as part of the budgeting process).

### **3. *The role of governments, the agricultural industry and the research sector in developing and delivering infrastructure and technologies aimed at supporting water efficiency within the Murray-Darling Basin***

Access to water is a basic human right, and all levels of government have a role to play to ensure that every community across Australia is able to access quality water, whether for domestic or business purposes.

The controversy surrounding the release of the *Proposed Basin Plan* has been unprecedented; while the content of the plan is open to considerable debate it cannot be denied that its release has presented an opportunity to revolutionise the way in which water is managed across Australia.

AlburyCity will continue to offer their full support for Government initiatives aimed at assisting communities reduce their reliance on water. Council believes that these initiatives are vital to foster the future prosperity of the region.

#### *The Role of Government*

Water management is undeniably a national issue, and therefore should be managed at a national level. Ultimately, the Federal Government must take responsibility for the way in which water is distributed from the Murray Darling Basin.

The Federal Government are best placed to facilitate a holistic approach to water management; they are the only government body legislated to cross state boundaries and also have the resources required to manage the nation's most essential asset. A fractured water management system is one of the reasons the Murray Darling Basin is in its current condition and there is little benefit to be gained from continuing this management method.

Federal Government should be responsible for implementing major water infrastructure so that the nation has certainty and access to high quality water. This will stimulate the growth and development of the national economy and ensure the ongoing wellbeing of the community.

Given the Federal Government are the body demanding a reduction in water allocation, they must take responsibility for providing transmission and on-farm infrastructure funding to support the agricultural sector in what will be the sectors most defining period. This support may be in many forms, whether through the provision of capital funding for infrastructure or transitional support programs to allow agricultural businesses to adapt to reduced water allocations.

Further consideration must also be given to the opportunities for water savings available by



improving water transmission infrastructure and the management of water storage facilities. The water savings that could be achieved by improving these assets will negate the need for heavy handed water allocation reductions, lessening the blow for the agricultural industry.

One issue requiring immediate attention from the Federal Government is the need to gain a more thorough understanding of groundwater, its extent and availability, recharge characteristics and the effect of water surface flows. Improving our understanding of groundwater will ensure that more informed management decisions are made about how to utilise this resource now and into the future.

State Government have a responsibility to support and foster industry, and the provision of funding for crucial water infrastructure and education initiatives is one way that they can achieve this. State Government bodies such as the Department of Industry & Investment are already well placed to provide this support, and should be encouraged to do so.

The role of Local Government is clear cut; they must provide their community with access to quality water through the proper management of water and waste water distribution and treatment, including the provision of adequate water transmission infrastructure.

In fulfilling this obligation, Local Government must ensure it maintains a water licence allocation which is sufficient to meet the long term needs of a growing city.

#### *The Role of the Agricultural Industry*

The agricultural industry is by far the largest water user in the Murray Darling Basin. As such, they have a responsibility to implement the most water efficient systems achievable and ensure that they are utilising this finite resource to its full capacity. In many cases, this is already occurring but changing technology and management practices mean that there is always more efficient and effective processes to be explored.

#### **4. Measures to increase water efficiency and reduce consumption and their relative cost-effectiveness**

AlburyCity are highly proactive in their endeavour to decrease the City's consumption of water, whether that involves infrastructure upgrades or community education programs.

In addition to the initiatives outlined elsewhere in this submission, AlburyCity, in conjunction with Corowa, Greater Hume and Urana Shires, is also a recipient of funding under the Federal Government's *Strengthening Basin Communities* program.

As part of the second stage of this program the group of councils have identified ten key water saving initiatives, as detailed below:

##### *Initiative 1: Parks & Sporting Briefs*

The implementation of a Warm Season Grass Program for parks and playing fields will potentially reduce potable water use by approximately 27% across the four councils. The initiative will involve securing onsite water supplies to parks and public reserves through the provision of tanks and dams, installing best-practice irrigation and drainage systems and replacing traditional grass species with drought-tolerant varieties.

##### *Initiative 2: Best Practice Water Use of Councils*

As an extension to each council's detailed Integrated Water Cycle Management Plan, additional work will be undertaken to implement best practice water supply, reticulation and treatment processes.

Detailed long-term implementation plans and budgets will be prepared to ensure that the four councils are geared to improve water system efficiencies over the next five to ten years. A detailed review of best practice water management cost and recovery processes, with a view to implementation, will also be carried out as part of this initiative.

##### *Initiative 3: Securing Water Supplies*

This initiative is multi-faceted and will consider opportunities:

- To provide security to major industrial water users, ensuring that

water does not become the inhibiting factor to future economic development.

- To secure the delivery of potable water supply to outlying townships and villages.
- To secure quality stock and domestic water supply to outlying townships and villages.
- Improve knowledge of groundwater hydrology and systems, and the impact of runoff and recharge capacity.

*Initiative 4: Future Water Allocation Impact Analysis*

This initiative is designed to identify highly vulnerable businesses and communities that would be negatively impact upon by the introduction of either regulatory or climate change-induced water reductions. Where possible, studies will be conducted to gain an understanding of the economic and social impacts of reduced water allocation on urban and rural communities.

*Initiative 5: Economic Development Planning*

This initiative will involve the review of each council's Economic Development Plan to ensure that appropriate strategies are developed to ensure that water dependent industries, both current and future, have forward solutions facing a future with less water. The plans will be developed ensuring that:

- Current water intensive industries have forward strategies to enable sustainable growth facing a future with less water.
- Councils have identified strategies to ensure that water does not become a restrictive element in future business confidence and development
- New and/or planned developments are compatible with the best practice water use and water efficiencies
- Council planning processes be underpinned with the introduction of a water audit to highlight to the applicant their reliance on water and exposure to water related risk

*Initiative 6: Water Impact Transition Support*

This initiative is an extension of *Initiative 4: Future Water Allocation Impact Analysis*. The key outcome of this initiative will involve identifying agricultural and urban businesses which will require the development of support or adaptation plans.

This initiative will identify the opportunities available for agricultural and water intensive industries to transition to higher value add products as a result of reduced future water access and identify possible forward transition timelines for agricultural and water intensive industries.

*Initiative 7: Private Sector Best Practice Water Use*

This initiative will identify proactive ways to support industry in learning and understanding new technologies available to operate in a circumstance with less water. This support will not be limited to one industry sector.

This project is designed to develop industry specific programs and then provide the resource to assist industries in the education, learning and implementation of best practice water management for the privates sector. Consideration will also be given to the engagement of extension officers to deliver best practice methodologies for the agricultural, commercial and industrial sectors.

*Initiative 8: Water Capture, Reuse & Recycle Opportunities*

This initiative will complete investigate the development of appropriate cost effective opportunities to capture, recycle and reuse water by identifying and investigating the key successful initiatives in water capture and reuse across Australia and considering the potential to implement similar projects locally.

Consideration will also be given to a review of regulatory approval processes to ensure that red tape does not become an impediment to the adoption of water capture, reuse and recycle opportunities.

*Initiative 9: Tourism Strategy*

This initiative will identify the opportunities and development required for water related tourism infrastructure that enhances visitor interactions with the region's major assets by reviewing and identifying potential water related infrastructure that is consistent with Council Economic Development/Tourism Plans and supporting the development of environmentally-sustainable tourism products that include efficient water usage.

*Initiative 10: West Cororgan Private Irrigation District (WCPID) Review*

The WCPID encompasses a major proportion of the surface irrigation in the area covered by the four councils and has been identified as being highly exposed to a future with less water. In conjunction with other councils affected by the WCPID, this initiative will undertake a strategic review of the WCPID to assess:

- The water efficiency and losses of the WCPID
- The socio-economic impacts to the community attached to the success or failure of the WCPID
- The future sustainability of the WCPID if high value-add products are produced
- The potential impacts to the WCPID with the pending introduction of new SDLs
- The plan for the future for the WCPID

The third stage of the *Strengthening Basin Communities* program, commencing in January 2011 and due for completion in September 2011, will focus on developing detailed project implementation plans, designs and costings so that these priority projects are optimally positioned to attract further Government funding.

## 5. *Opportunities for economic growth and diversification within regional communities*

AlburyCity is acutely aware that economic, social and environmental sustainability is critical to the City's future. While the economy of Albury is subject to ever changing local, national and international market forces, there are opportunities for AlburyCity to positively contribute to the continued growth, development and diversity of Albury, reinforcing its position as a major regional economy.

As part of AlburyCity's strategic planning, Council has identified a number of key projects required to achieve long term economic and social growth and development, including:

- ***Promote Albury as a major regional economy and a regional city of choice for lifestyle, career and investment opportunities.***
  - \$53.5M Volt Lane Commercial and Retail Development (inc multi deck car parking)
  - Investment attraction marketing plan
  - Evocities campaign
  - Promotion of green industry development opportunities
  
- ***Present a positive investment environment and provide infrastructure that maintains and strengthens the City's position as the pre-eminent regional City in North East Victoria and Southern NSW.***
  - Albury Art Gallery redevelopment
  - Cultural Precinct Masterplan review and implementation
  - Albury Airport Redevelopment (terminal expansion and car park redevelopment nearing completion)
  - Lavington Sports Oval Redevelopment
  - Margaret Court Tennis Academy Development
  
- ***Develop and strengthen the City's tourism product offer and ensure its effective marketing and promotion.***
  - Albury Entertainment Centre upgrade
  - Murray River Experience (inc. Wagirra Trail development)
  - Wonga Wetlands – product development marketing plan
  - Albury Visitor Information Centre
  - Albury Railway Station Precinct Redevelopment

- **Maintain an adequate supply of market ready high quality industrial land**
  - Albury Industrial Hub
  - Airport Park Industrial Estate
  - Airside North Industrial Estate
  - Davey's Rd Freeway Interchange

Whilst these projects have an immediate and direct benefit to the Albury economy, they will also have positive flow-on benefits regionally.

AlburyCity seeks the continued support of both State and Federal Government in bringing many of these initiatives to fruition.

## 6. *Previous relevant reform and structural adjustment programs and the impact on communities and regions*

AlburyCity welcomes any future water reforms that will improve water efficiencies and reduce consumption across the Basin, thereby allowing more environmental water to be made available. The need for commonality across the Basin is paramount.

Albury's location on the Victoria/New South Wales border highlights the inconsistency between state government water policies. While Victorian state policy may direct neighbouring Wodonga to enforce stage one water restrictions, it can be the case that Albury is directed by New South Wales state policy to implement stage three or four water restrictions. Understandably, this situation creates confusion and frustration amongst the community given that the two cities obtain water from a single source. This discrepancy highlights the fact that the provision of water is a national issue and as such should be managed under a consistent national framework.

On a positive note, AlburyCity believes that the role of the Council of Australian Governments (COAG), and subsequently State Governments, to encourage Local Water Utilities (LWU) to implement best-practice water management practices and comply with the Australian Government's *National Competition Policy* and *National Water Initiative* was a very proactive step. The introduction and implementation of these best-practice management strategies set realistic goals for LWUs to aim for and also encouraged them to take a more proactive role in water management.

One of the most positive strategies put forward by COAG was the introduction of best-practice pricing principles, which involved charging based on water usage and in effect giving consumers more scope to reduce their water bills.

The requirement for all LWUs to prepare an Integrated Water Cycle Management (IWCM) plan, while costly and time consuming, was also a very positive step forward. The IWCM plan provided the opportunity for LWUs to assess the sustainability of their water and wastewater systems, develop and have appropriate strategies in place to ensure the sustainability and affordability of their services and ultimately positioning themselves to better manage the needs of their customers and the environment in the future.



We extend our appreciation to the House Standing Committee on Regional Australia for allowing us the opportunity to provide feedback to the *Inquiry into the impact of the Murray-Darling Basin Plan in Regional Australia*. We would also like to highlight our willingness to work with the government in the continued development of this important policy.

Should you have any question about the content of our submission, or require clarification on any of the points raised, please contact Tracey Squire, Director Economic Development and Tourism

Yours faithfully

Cr Alice Glachan  
**Mayor AlburyCity**